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FISCAL POLICY USER MANUAL

MISSION STATEMENT AND GOALS

INTRODUCTION

In the past few decades, several governmental entities have experienced economic difficulties verging on bankruptcies. This has led the Federal government and other interested third parties to issue policy standards that encourage governmental accounting practices to conform to Generally Accepted Accounting Principles (GAAP) with full disclosure. GAAP refers to the uniform minimum standards of and guidelines to financial accounting reporting.

These factors have created a new era in financial and management responsibility placed upon state governments. In response, the accounting, reporting, and auditing practices traditionally followed in Idaho need to be revised to adhere more closely to GAAP for governments.

BACKGROUND

The evolution defining governmental accounting principles was formalized in 1968 with the National Council on Governmental Accounting's (NCGA) publication entitled Governmental Accounting, Auditing, and Financial Reporting (GAAFR). The accounting principles outlined in GAAFR received wide acceptance by governmental accountants, finance officers, and other officials of governments, as well as independent practicing accountants.

In 1979 NCGA issued NCGA Statement No.1. This statement essentially restated, with minor revisions, the principles outlined in the 1968 GAAFR.

In April 1984, the Governmental Accounting Standards Board (GASB) was formed under the auspices of the Financial Accounting Foundation to become the successor organization to NCGA. GASB has issued several statements and continues to promulgate GAAP for state and local governments' financial accounting and reporting.

BASIC PARAMETERS

For this Committee to be effective, certain parameters have to be identified in order for the direction and scope of the individual members to be generally consistent. These basic parameters are, at a minimum, the following:

- Authority is given to the Advisory Committee through Idaho Code 67-1018(2).
- All policies and procedures promulgated by the State Controller will be based on GAAP, and legal requirements. Such policies and rules will allow for agency comment before going into effect.
- Except as noted by the State Controller, all state agencies are to utilize the Statewide Accounting and Reporting System (STARS) to the fullest extent possible for their financial accounting and reporting.
- Appropriations for State expenditures (including encumbrances) are on a cash basis. During the fiscal year the accounting system will reflect expenditures on a budgetary basis. The State Controller will define the process for gathering the necessary information from the agencies to prepare the annual report on an accrual basis for audit purposes. Such accrual information gathered at fiscal year-end will not be recorded on STARS.
- The responsibility for the accuracy of the financial data on STARS rests primarily with the respective agency.

MISSION STATEMENT

To assist the State Controller in providing financial leadership to ensure accountability for the use of public resources.

COMMITTEE GOALS

The Committee goals are to establish uniform accounting and reporting standards and guidelines for all state agencies. The policies will do the following:

- Be developed and directed by three primary criteria: simplicity, consistency, and accountability.
- Identify and assist in meeting the needs of state agencies.
- Assist state agencies and other state decision makers in better managing and reporting the fiscal affairs of the State of Idaho.
- Assist in issuing GAAP based statewide financial statements that are available for an annual audit with an unqualified opinion.
- Help ensure internal control procedures are in place for sound financial management.